

ASX Announcement

Tasmanian Tin Projects - Update

Grant of option to negotiate lease with Allegiance

The Company announced on 23 August 2006 that it had been approach by Allegiance Mining NL to review the possibility of commencing the processing of Avebury Ore through the Renison Plant whilst the construction of the Avebury plant proceeds.

Bluestone advises that it has today granted Allegiance an option for a maximum period of 3 months to evaluate the Renison Plant for such purpose. During the option period, negotiations regarding a sub-lease of the Renison Plant are intended to be finalised.

The option expires on 30 November 2006.

Bluestone welcomes Allegiance's decision to proceed with the development of the Avebury Nickel Project. If Allegiance, following its reviews during the option period, decides it wishes to proceed with the processing of its ore through the Renison Plant and provided that the terms and conditions of a sub-lease are to Bluestone's satisfaction, then Allegiance will be permitted to process their ores through the Renison Plant whilst Allegiance proceed with the construction of their own plant.

Bluestone's intention given the fact that the tin price appears to have stabilised above US\$8,000 per tonne, and has recently been above US\$9,000 per tonne is to resume tin production once all detailed planning for the restart is completed and all approvals to mine Mt Bischoff have been received.

Peter Cook
Managing Director
12 September 2006